

Good morning. My name is Marie Lenane and I am a Policy Analyst at the Executive Office of Health and Human Services (EOHHS). I am here to present staff testimony on the proposed amendments to 101 CMR 346.00: Rates for Certain Substance-Related and Addictive Disorders Programs.

Amendments to this regulation are being proposed at this time in accordance with M.G.L. Chapter 118E, Section 13D, which requires the secretary of EOHHS to establish, by regulation, rates to be paid by governmental units for health services and social service programs. The proposed amended regulation contains rates effective for dates of service on or after July 1, 2023.

The proposed amendments to 101 CMR 346.00 update the rates to be paid by governmental units for Residential Rehabilitation programs including Clinically Managed Detoxification Programs; Supportive Case Management services; Triage, Engagement, and Assessment (TEA) program services; and Office-Based Opioid Treatment services with rates governed by this regulation

The proposed amendments to these service rates include an increase by a cost adjustment factor (CAF) of 2.78%, effective July 1, 2023. The CAF was determined by using baseline and prospective Massachusetts Economic Indicator data from IHS Economics – Fall 2022 Forecast, optimistic scenario data. The CAF reflects the period between the rates' base period (calendar year 2023 Q2) and the prospective period of fiscal years 2024 and 2025. In addition to the FY24 CAF, the rates for all services have been updated to include all staff salaries. It is the Purchase of Service (Chapter 257) policy to utilize salary data from the most recent version of the Massachusetts Bureau of Labor Statistics Occupational Employment and Wage Statistics (OEWS) available at the time of the rate review. As such, the benchmarks are derived from the Massachusetts Bureau of Labor Statistics (BLS) wages dated May 2021 at the 53rd percentile. The programmatic expenses are benchmarked to the FY21 Uniform Financial Statements and Independent Auditor's Report (UFR) and the purchaser's recommendations. The administrative allocation is benchmarked to 12% and the tax and fringe rate has been benchmarked to 25.39%. This benchmark is derived from the MA Comptroller's FY23 approved rate less terminal leave and retirement. This benchmark includes an additional 2% to be used to promote workforce initiatives such as retirement benefits. The Transitional Support, Second Offender, and Family Residential Treatment service models have been updated to include additional staffing for medication management coverage. The rates for Office-Based Opioid Treatment services (OBOTs) have been streamlined to fit the service needs and are

based on a per client monthly enrollment unit. Lastly, rate provision language has been incorporated into this regulation to allow for administrative adjustments for extraordinary circumstances, which is consistent with other Chapter 257 rate regulations.

The proposed amendments to these rates for DPH result in an overall annualized increase in state spending of 21.08% or approximately \$10.9 million over FY23 projected spending of \$51.5 million. The proposed amendments to these rates for MassHealth result in an overall annualized increase in spending of 14.61% or approximately \$1.2 million over FY22 fee-for-service spending of \$7.8 million.

This concludes my testimony. Thank you